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Justify pricing, CRTC says

NorthwesTel told to publish rates for its V-Connect service and prepare cost studies

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NorthwesTel Inc. has been ordered by The Canadian Radio-television and Telecommunications Commission (CRTC) to publish the rates for its V-Connect backbone connectivity service, following a complaint of unfair pricing filed by Yellowknife-based Internet service provider SSI Micro Ltd.

The decision, released last Thursday, which requires NorthwesTel to prepare cost studies to justify the service price, is expected to make the rates currently charged for the service "significantly less," SSI chief development officer Dean Proctor said.

"I don't know how it could not be (cheaper)," Proctor said, noting NorthwesTel currently charges SSI Micro up to 30 times, or 3,000 per cent higher, than rates in southern Canada for the service.

"We could not in any way, shape or form figure out how they came to that pricing apart from them trying to not allow us to use it," Proctor said.

SSI Micro filed the application requesting the commission's intervention last June, accusing NorthwesTel - the owner of all fibre and microwave connectivity to the south - of using its position as the sole provider of backbone connectivity services "to eliminate SSI and other Internet providers as competitors in the Yellowknife Internet market."

NorthwesTel argued that there was no basis for SSI Micro's application because the backbone connectivity services fit under the classification of data service which is forborne, meaning the commission does not need to see or approve its pricing.

SSI Micro argued that V-Connect is not foreborne because it is a service that supports voice, data, and video services.

The commission agreed with SSI Micro, giving NorthwesTel 30 days to file cost studies for V-Connect and make the services available under published rates, or tariffs.

"This decision requiring NorthwesTel to file tariffs for V-Connect service will result in the availability of backbone connectivity service at just and reasonable rates," the CRTC decision stated.

NorthwesTel president and CEO Paul Flaherty said he would be "very surprised if there is a significant amount of change that comes out of" the cost studies, because the company's rates are reflective of the substantially high costs incurred in the territory, including low population density, large territory, and difficult terrain.

"Our belief is that the costing studies are going to show that much higher rates than what exists in Edmonton are appropriate because of where we are and the distances involved," Flaherty said.

"The commission's decision doesn't make any comment on whether the prices will go up, down or sideways."

As of Monday, NorthwesTel had not started preparing cost studies, and was still evaluating the commission's decision to decide how to proceed, Flaherty said, noting he was surprised with the decision because, to his knowledge, no other telephone company in the country is required to publish tariffs for V-Connect service.

Proctor said SSI Micro is still waiting to see the cost study rates before requesting that NorthwesTel get its systems in place for competition, which would see SSI Micro enter the local telephone market as well as offer fibre-optic services to the territory.



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early as May, following the commission's recent decision to lift NorthwTel's monopoly over the market.

The commission denied SSI Micro's request for interim rates for the V-Connect service.

"We would have liked an interim," Proctor said. "Because what we don't like about the current situation is that NorthwTel has been ripping us off for a long time."



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